



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend for three years, without revision, the Recordkeeping Requirements of Regulation H and Regulation K Associated with the Procedures for Monitoring Bank Secrecy Act Compliance (FR K; OMB No. 7100-0310). The internal Agency Tracking Number previously assigned by the Board to this information collection was “Reg K.” The Board is changing the internal Agency Tracking Number to “FR K” for the purpose of consistency.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC, 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Office of Management and Budget (OMB) Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, N.W., Washington, DC 20503 or by fax to (202) 395-6974.

SUPPLEMENTARY INFORMATION: On June 15, 1984, OMB delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official

OMB inventory of currently approved collections of information. Copies of the PRA Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Board may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

Final approval under OMB delegated authority of the extension for three years, without revision, of the following information collection:

Report title: Recordkeeping Requirements of Regulation H and Regulation K Associated with the Procedures for Monitoring Bank Secrecy Act Compliance.

Agency form number: FR K.

OMB control number: 7100-0310.

Frequency: Annually.

Respondents: State member banks; Edge and agreement corporations; and certain U.S. branches, agencies, and representative offices of foreign banks supervised by the Board.

Estimated number of respondents: Establish compliance program – 1; maintenance of compliance program – 957.

Estimated average hours per response: Establish compliance program – 16; maintenance of compliance program – 4.

Estimated annual burden hours: Establish compliance program – 16; maintenance of compliance program – 3,828.

General description of report: The Board's Regulation K and Regulation H require state member banks, Edge and agreement corporations and, except for a federal branch or a federal

agency or a state branch that is insured by the Federal Deposit Insurance Corporation, the U.S. branches, agencies, and representative offices of foreign banks supervised by the Board to establish a written Bank Secrecy Act (BSA) compliance program that includes the following components: (1) a system of internal controls to assure ongoing compliance, (2) independent testing of compliance by the institution's personnel or by an outside party, (3) the designation of an individual or individuals for coordinating and monitoring day-to-day compliance, and (4) training for appropriate personnel.¹ The compliance program must be approved by the board of directors of the state member bank, Edge corporation, or agreement corporation and must be noted in the institution's minutes. In the case of a branch, agency, or representative office of a foreign bank, the compliance program may be approved by the foreign bank's board of directors and noted in the minutes or approved by a delegee acting under the express authority of the foreign bank's board of directors.

Legal authorization and confidentiality: The FR K is authorized pursuant to the Federal Deposit Insurance Act (12 U.S.C. 1818(s)), which requires the federal banking agencies, including the Board, to (1) prescribe regulations requiring the institutions they regulate to establish and maintain procedures reasonably designed to assure and monitor compliance with the BSA and (2) to review such procedures during the course of their examinations.²

The FR K is mandatory.

Because the Federal Reserve will not collect this information, confidentiality issues would normally not arise. Because the records will be retained at banking organizations, the Freedom of Information Act (FOIA) will only be implicated if the Board's examiners retain a

¹ See 12 CFR 208.63(c); these specific requirements are incorporated by reference in 12 CFR 211.5(m)(1) and 211.24(j)(1).

² The Board's authority in 12 U.S.C. 1818(s) to prescribe regulations includes the entities required to comply with section 208.63 of the Board's Regulation H (12 CFR 208.63) and sections 211.5(m)(1) and 211.24(j)(1) of the Board's Regulation K (12 CFR 211.5(m)(1) and 12 CFR 211.24(j)(1)).

copy of the record as part of an examination or supervision of a banking institution. In that case, the records would be exempt from disclosure under exemption 8 of the FOIA, which protects examination materials from disclosure (5 U.S.C. 552(b)(8)). Exemption 4 of the FOIA, which protects confidential financial information, may also be applicable (5 U.S.C. 552(b)(4)).

Current actions: On February 5, 2019, the Board published a notice in the *Federal Register* (84 FR 1731) requesting public comment for 60 days on the extension, without revision, of the FR K. The comment period for this notice expired on April 8, 2019. The Board did not receive any comments.

Board of Governors of the Federal Reserve System, May 9, 2019.

Michele Taylor Fennell,

Assistant Secretary of the Board.

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